

Message Text

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FM AMCONSUL SAO PAULO

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AMEMBASSY BRASILIA IMMEDIATE

AMCONSUL RIO DE JANEIRO IMMEDIATE

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UNCLAS SAO PAULO 1058

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ATTN IOP/M, IPS, IBS, RIM, ILA

STATE FOR ARA/PAF

TREASURY FOR JERRY NEWMAN

BRASILIA PLEASE PASS SECRETARY PARTY FOR RHATICAN

1. BEGINNING OF SECRETARY SIMON'S OFFICIAL CONVERSATIONS WITH GOB OFFICIALS, SCHEDULED FOR TODAY IN BRASILIA, RECEIVES PROMINENT FRONT-PAGE COVERAGE SAO PAULO MAY 10 NEWSPAPERS. STORIES GENERALLY COMPRISED OF SCHEDULE OF ACTIVITIES IN BRASILIA AND SAO PAULO AND SPECULATIONS ON TOPICS TO BE DISCUSSED; U.S. RESTRICTIONS TO BRAZIL'S EXPORTS TO U.S. AND BRAZIL'S TRADE DEFICIT WITH U.S. BEING MENTIONED MORE FREQUENTLY. REPORTS ALSO INCLUDE PORTIONS OF USIS-DISTRIBUTED SIMON PROFILE AND HIS ATTENDANCE OF MASS IN RIO YEATERDAY.

2. SAMPLE HEADLINES: "GEISEL WILL RECEIVE SIMON TODAY" (LIBERAL FOLHA DE SAO PAULO); "DEBATE BETWEEN GEISEL AND SIMON OVER U.S. RESTRICTIONS" (NATIONALISTIC DIARIO POPULAR); "SIMON: A PACKAGE OF PROJECTS AND THEMES" (BUSINESS-ORIENTED GAZETA MERCANTIL).

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3. COMMENTARY BY REINALDO CABRAL, LIBERAL FOLHA DE SAO PAULO, SAYS

PREPARATORY MEETINGS BETWEEN SECRETARY SIMON AND MINISTER SIMONSEN'S AIDES INDICATE "NONE OF PRESENT PROBLEMS INVOLVING BRAZIL'S EXPORTS TO U.S. WILL HAVE IMMEDIATE SOLUTION... BECAUSE IF U.S. CONVINCES BRAZIL TO SOFTEN POLICY OF SUBSIDIZING EXPORTS TO U.S. MARKET, THIS UNDOUBTEDLY WILL SIGNIFY RECOVERY OF BRAZIL'S TRADE BALANCE WILL HAVE BEEN POSTPONED AT LEAST TO 1980." ARTICLE CITES "BASIC USG INTENTIONS" IN SIMON'S VISIT: MINIMUM 50 PERCENT REDUCTION OF BRAZIL'S SUBSIDIES TO SHOE EXPORTS TO U.S.; SUSPENSION OR SOFTENING OF COMPULSORY DEPOSIT ON BRAZIL'S IMPORTS; ELIMINATION OF SUBSIDIES TO SOYBEAN EXPORTS. "BRAZILIAN NEEDS", ACCORDING TO CABRAL'S COMMENTARY ARE: ACCORD ON DOUBLE TAXATION WHICH WOULD "ALLOW REDUCTION OF PROFIT REMITTANCES TO U.S." BY LOCAL AMERICAN COMPANIES; U.S. CONCESSIONS THROUGH GSP FOR BRAZIL'S SHOE, SOYBEAN EXPORTS. COMMENTARY'S FINAL PORTION SAYS GON OFFICIALS SEE USG ATTEMPT TO CONDITION FOREIGN AID TO RESPECT HUMAN RIGHTS AS "PART OF PRESIDENT FORD'S STRATEGY TO STRENGTHEN HIS IMAGE INSIDE THE U.S. FOR ELECTORAL BENEFIT."

4. BUSINESS-ORIENTED GAZETA MERCANTIL'S CORRESPONDENT IN THE U.S., ANTONIO M. PIMENTA NEVES, WHO IS TRAVELING WITH TREASURY SECRETARY, WROTE IN PAPER'S WEEKEND EDITION THAT "THERE IS AN EXPECTATION OF A FORMAL AGREEMENT (OF THE TYPE RECENTLY SIGNED WITH SAUDI ARABIA) TO BE SIGNED BETWEEN THE U.S. AND BRAZIL AS A RESULT OF SIMON'S VISIT." PIMENTA NOTED THAT KISSINGER VISITED SAUDI ARABIA BEFORE SIMON TO NEGOTIATE THE GENERAL ASPECTS OF THE AGREEMENT; BUT THE TREASURY SECRETARY'S ROLE WAS TO TAKE CARE OF THE CONCRETE DETAILS, "WHICH APPARENTLY ONLY HE COULD DO." PIMENTA WROTE HE HEARD FROM A "HIGH RANKING AMERICAN OFFICIAL" ABOARD THE SECRETARY'S PLANE "THAT KISSINGER CAN PROMISE THINGS; BUT EVERYBODY KNOWS ONLY SIMON CAN GIVE THEM."

5. INTERVIEWING PARSKY IN GUAYAQUIL, PIMENTA ASKED HIM IF THE HUMAN RIGHTS ISSUE IN BRAZIL, WAS NOT WORRYING SIMON. THE ANSWER WAS THAT "BRAZIL IS A DIFFERENT CASE." ANOTHER AMERICAN OFFICIAL EXPLAINED THAT THE DIFFERENCE WAS THE "EXTENT OF REPRESSION".

6. NATIONALISTIC, PRO-GOB DIARIO POPULAR EDITORIAL "SIMON'S VISIT" SAYS SECRETARY SIMON "MUST TAKE INTO CONSIDERATION", IN NEGOTIATIONS WITH GOB, THE FACT THAT "BRAZIL HAS BEEN ASSU-

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MING A PLACE OF (GROWING) IMPORTANCE ON SUPPORT RECEIVED BY PRESIDENT GEISEL IN FRANCE AND ENGLAND... THE NUCLEAR ACCORD SIGNED WITH WEST GERMANY...BRAZIL'S STRATEGIC POSITION CONCERNING AFRICA, SPECIALLY AFTER THE MPLA VICTORY IN ANGOLA..." AND PRESIDENT FORD'S DECISION NOT TO IMPOSE SURCHARGE ON SHO IMPORTS "WHICH WIDELY FAVORED SEVERAL COUNTRIES, INCLUDING BRAZIL. (FORD) WISHES, AS HIS CLOSEST AIDES SAID, TO ESTABLISH... A SOLID ALLIANCE WITH BRAZIL AIMED SPECIALLY AT (STOPPING)

THE UNDENIABLE COMMUNIST ADVANCE WHICH THREATENS ALL EUROPE."
COPMAN

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